



NEWS RELEASE

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SBA RECEIVES TOP RATING FROM OUTSIDE AUDITORS FOR THIRD STRAIGHT YEAR

WASHINGTON – Administrator Aida Alvarez of the U.S. Small Business Administration (SBA) today announced the SBA has received the highest rating available in an audit of its annual financial statements by an independent, outside firm of certified public accountants for the third straight year.

“This is great news for our agency, for the taxpayers, and for the small businesses that turn SBA support into economic growth and new jobs,” Administrator Alvarez said. “This continuing recognition of the strength of SBA’s financial condition, and the accuracy and integrity of its financial records, are the results of a broad effort to improve our program management.

“We are proud to be the only federal credit agency to ever receive three unqualified opinions in a row,” she said. “It tells us that we are continuing to fulfill our public mission with minimal risks to the taxpayers.”

Since the passage of the Chief Financial Officers Act of 1990, the SBA has produced annual financial statements and been subjected to a financial audit by an independent accounting firm under the direction of its Office of the Inspector General.

SBA received its first “unqualified opinion” – the highest rating in a financial audit -- on its FY 1996 financial statements. SBA was the first federal credit agency to receive this high mark. Since that time, SBA has continued to receive the same high mark, receiving an unqualified opinion on its FY 1997 and now its FY 1998 financial statements.

The Chief Financial Officers Act of 1990 strengthened the role of financial management across the federal government. Under the annual audit regimen, federal agencies must undergo close scrutiny of all financial transactions and controls using standards similar to those employed by the private sector. Receiving an unqualified opinion from its audit attests to the fact that SBA’s financial records are sound and that Congress and the public can rely on the information contained in SBA’s financial statements.

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In addition, beginning last year, under Administrator Alvarez's financial stewardship, the SBA started implementing the COSO (Committee of Sponsoring Organizations of the Treadway Commission) system of internal controls, along with other improvements to strengthen credit program risk management, lender oversight and credit subsidy model management.

SBA undertook this effort in recognition of its changing role as a major federal credit agency managing a \$50 billion portfolio of loans. The SBA is confident that these control actions will place it at the forefront of the federal government in terms of strengthening its internal control environment, using standards that exceed current federal guidelines, but are consistent with those required of all major financial institutions nationwide.

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